

Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

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Employer Identification Number:

Contact person - ID number:

Contact telephone number:

Date: 11/25/2014

UIL: 4945.04-04

LEGEND

X= Name of Entity
m = Number
t dollars = Amount

Dear _____ :

You asked for advance approval of your scholarship grant procedures under Internal Revenue Code section 4945(g). This approval is required because you are a private foundation that is exempt from federal income tax. You requested approval of your scholarship program to fund the education of certain qualifying students.

Our determination

We approved your procedures for awarding scholarships. Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding scholarships meet the requirements of Code section 4945(g)(1). As a result, expenditures you make under these procedures won't be taxable.

Also, awards made under these procedures are scholarship or fellowship grants and are not taxable to the recipients if they use them for qualified tuition and related expenses (subject to the limitations provided in Code section 117(b)).

Description of your request

Your letter indicates you will operate a scholarship program.

Your purpose is to support charitable and civic activities in the community where X is located and support charitable causes that are also supported by X's customers. The purpose of the scholarship program is to sponsor students engaged in religious studies at seminaries or accredited colleges and universities.

You will award m scholarships per year in the amount of \$t each. Funds may be used to pay for tuition and fees required for enrollment as well as for fees, books, supplies, and equipment required by the institution.

Eligible recipients include juniors, seniors and graduate students enrolled at accredited seminaries and students with declared religious studies majors at accredited colleges or universities who have a cumulative grade point average of at least 3.25. Recipients will be selected based on academic achievement and an essay. You represented that employees, officers, and directors of X are not eligible for scholarships.

You will publicize the program on X's website, via social media, through the insurance agents that produce church insurance business, through the periodic publications that X sends to its customers, and by news releases to media outlets that serve the religious community.

The scholarship selection committee will consist of a non-voting chairperson who represents you and four voting members who are not affiliated with you or X. You will actively seek the participation of educators and pastors.

You will pay scholarship funds directly to the recipient's educational institution. You will request the school to verify that the recipient has enrolled for the semester and also to notify you if the recipient withdraws from the school. In the event of a withdrawal, any tuition refund will be returned to you. You will request a grade report from the school at the end of the semester.

You represented that you will investigate diversions of funds from their intended purposes, take all reasonable and appropriate steps to recover diverted funds, ensure other grant funds held by a recipient are used for their intended purposes, and withhold further payments to recipients until you obtain recipients' assurances that future diversions will not occur and that recipients will take extraordinary precautions to prevent future diversions from occurring.

You represented that you will maintain all records relating to individual grants, including information obtained to evaluate recipients, identify whether a recipient is a disqualified person, establish the amount and purpose of each grant, and establish that you undertook the supervision and investigation of grants.

Basis for our determination

The law imposes certain excise taxes on the taxable expenditures of private foundations (Code section 4945). A taxable expenditure is any amount a private foundation pays as a grant to an individual for travel, study, or other similar purposes. However, a grant that meets all of the following requirements of Code section 4945(g) is not a taxable expenditure.

- The foundation awards the grant on an objective and nondiscriminatory basis.
- The IRS approves in advance the procedure for awarding the grant.
- The grant is a scholarship or fellowship subject to the provisions of Code section 117(a).

- The grant is to be used for study at an educational organization described in Code section 170(b)(1)(A)(ii).

Other conditions that apply to this determination

- This determination only covers the grant program described above. This approval will apply to succeeding grant programs only if their standards and procedures don't differ significantly from those described in your original request.
- This determination applies only to you. It may not be cited as a precedent.
- You cannot rely on the conclusions in this letter if the facts you provided have changed substantially. You must report any significant changes to your program to the Cincinnati Office of Exempt Organizations at:

Internal Revenue Service
Exempt Organizations Determinations
P.O. Box 2508
Cincinnati, OH 45201

- You cannot award grants to your creators, officers, directors, trustees, foundation managers, or members of selection committees or their relatives.
- All funds distributed to individuals must be made on a charitable basis and further the purposes of your organization. You cannot award grants for a purpose that is inconsistent with Code section 170(c)(2)(B).
- You should keep adequate records and case histories so that you can substantiate your grant distributions with the IRS if necessary.

Please keep a copy of this letter in your records.

If you have questions, please contact the person listed at the top of this letter.

Sincerely,

Director, Exempt Organizations